

Message Text

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PAGE 01 JIDDA 06358 140555Z

ACTION SS-15

INFO OCT-01 NEA-10 ISO-00 EB-08 SP-02 MMO-04 PER-05

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 9604

INFO AMCONSUL DHAHRAN

UNCLAS JIDDA 6358

FOR UNDERSECRETARY COOPER (E); DEPUTY UNDERSECRETARY READ (M)

PASS NEA AND EB FROM AMBASSADOR

E.O. 11652: N/A

TAGS: APER, BEXP, ENGR, SA

SUBJ: NEED FOR SECOND ECON/COMMERCIAL POSITION IN DHAHRAN

REF: (A) DHAHRAN 843, (B) JIDDA 4363, (C) 76 JIDDA 7794

1. I KNOW YOU ARE AWARE OF THE INCREASINGLY CRITICAL IMPORTANCE OF SAUDI ARABIA TO THE ECONOMIC INTERESTS AND WELL-BEING OF THE UNITED STATES AS WELL AS THE FREE WORLD. MY EARLIER ASSESSMENT OF SAUDI ARABIA'S ECONOMIC IMPORTANCE HAS BEEN FURTHER STRENGTHENED DURING MY FIRST MONTHS IN THE COUNTRY, AND I AM DETERMINED THAT THIS MISSION WILL GIVE HIGH PRIORITY ATTENTION TO IMPROVING OUR ECONOMIC RELATIONSHIPS HERE, OUR ECONOMIC/PETROLEUM REPORTING, AND OUR ASSISTANCE TO U.S. BUSINESSMEN IN THIS OIL-RICH, BOOMING MARKET.

2. WITH THAT OBJECTIVE IN MIND, I HAVE TAKEN A CAREFUL LOOK AT OUR STAFFING HERE AT THE EMBASSY AND AT OUR CONSULATE GENERAL IN DHAHRAN. AFTER TALKING TO U.S. AND SAUDI BUSINESS AND GOVERNMENT LEADERS THROUGHOUT THE

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COUNTRY DURING SEVERAL PERSONAL INSPECTION TRIPS, I AM EXTREMELY CONCERNED ABOUT A SERIOUS STAFFING DEFICIENCY IN THE VITALLY IMPORTANT EASTERN PROVINCE OF SAUDI ARABIA SERVED BY CONSULATE GENERAL DHAHRAN. I BELIEVE THE IMBALANCE BETWEEN THE EASTERN PROVINCE'S ECONOMIC IMPORTANCE AND OUR STAFFING THERE (ONLY ONE ECONOMIC/ COMMERCIAL OFFICER) MUST BE CORRECTED QUICKLY AND IS

SERIOUS ENOUGH TO WARRANT HIGH LEVEL CONSIDERATION IN THE DEPARTMENT.

3. MY SPECIFIC REASONS FOR CONCERN ARE:

A. SAUDI ARABIA IS THE WORLD'S LARGEST EXPORTER OF OIL, ALL OF WHICH COMES FROM THE EASTERN PROVINCE. ALREADY SUPPLYING 10 PERCENT OF ALL U.S. PETROLEUM REQUIREMENTS, AND POSSESSING A QUARTER OF THE WORLD'S OIL RESERVES, THE EASTERN PROVINCE IS THE WORLD'S ONLY SIGNIFICANT READILY EXPANDABLE SOURCE OF OIL.

B. IT IS ESSENTIAL THAT THE USG HAVE ACCURATE, TIMELY REPORTING ON SAUDI OIL PRODUCTION AND PRICING DEVELOPMENTS. YET, DHAHRAN HAS NO PETROLEUM REPORTING OFFICER AND THE SINGLE ECON/COMMERCIAL OFFICER MUST HANDLE A MAJOR PART OF THIS CRITICAL REPORTING RESPONSIBILITY. MOREOVER, THE TASK IS BECOMING MORE DIFFICULT AS THE ARABIAN AMERICAN OIL COMPANY (ARAMCO), THE LARGEST OIL PRODUCING FIRM IN THE WORLD, BECOMES COMPLETELY SAUDI-OWNED.

C. TRADE PROMOTIONAL WORK HAS INCREASED DRAMATICALLY DURING THE PAST YEAR OR TWO, AND TRADE POTENTIAL IN THE PROVINCE IS ENORMOUS. MORE THAN \$50 BILLION OF SAUDI ARABIA'S MASSIVE \$142 BILLION FIVE YEAR PLAN IS EXPECTED TO BE SPENT IN THE EASTERN PROVINCE, WHERE THE \$16 BILLION GAS-GATHERING PROJECT (THE WORLD'S LARGEST ENGINEERING UNDERTAKING) AND NUMEROUS MULTI-BILLION DOLLAR PROJECTS ARE ALREADY UNDERWAY. MORE THAN 150 U.S. FIRMS

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ARE LOCATED IN THE PROVINCE, AS ARE SOME 16,000 AMERICAN CITIZENS. BASED ON THE CURRENT U.S. SHARE OF THE MARKET, AMERICAN COMPANIES SHOULD CAPTURE OVER \$2 BILLION A YEAR OF THE PROVINCE'S MARKET.

4. I BELIEVE THE NEW POSITION IS FULLY JUSTIFIED JUST TO PROTECT OUR VERY SUBSTANTIAL COMMERCIAL INTERESTS IN THE EASTERN PROVINCE. IN VIEW OF THE ADDITIONAL IMPORTANCE OF UPGRADING OUR CAPABILITY FOR REPORTING ON OIL DEVELOPMENTS, I BELIEVE THE NEW POSITION IS ABSOLUTELY ESSENTIAL.

5. I STRONGLY URGE THE ESTABLISHMENT OF THIS POSITION, EVEN IF IT MUST BE PROGRAMMED FROM A LESS ACTIVE AREA. ALTHOUGH I UNDERSTAND THE APPROPRIATE OFFICES IN EB, NEA AND COMMERCE ARE SUPPORTING THIS REQUEST, YOUR PERSONAL INTEREST AND SUPPORT WOULD BE VERY HELPFUL AND MUCH APPRECIATED.

WILEY

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